

## Message Text

UNCLASSIFIED

PAGE 01 QUITO 05081 291717Z  
ACTION ARA-14

INFO OCT-01 ISO-00 EB-08 TRSE-00 AGRE-00 OPIC-06 /029 W  
-----005836 300031Z /73

R 291320Z JUL 77  
FM AMEMBASSY QUITO  
TO USDOC WASHDC  
INFO SECSTATE WASHDC 5234  
AMCONSUL GUAYAQUIL

UNCLAS QUITO 5081

E.O. 11652: N/A  
TAGS: BENC, EC, EINV  
SUBJECT: INVESTMENT OPPORTUNITY IN ABACA PRODUCTION

1. CENDES, ECUADOR'S CENTER OF INDUSTRIAL DEVELOPMENT, HAS ALERTED THIS EMBASSY TO AN INVESTMENT OPPORTUNITY FOR U.S. FIRMS IN THE PRODUCTION OF ABACA PULP. A GROUP OF ABACA FIBER PRODUCERS FROM THE COASTAL CITY OF ESMERALDAS SEEKS A JOINT-VENTURE PARTNER TO INVEST IN A PLANT TO PRODUCE ABACA PULP FROM FIBER. ANTICIPATED PRODUCTION PER YEAR WILL BE 3 TO 6 THOUSAND TONS, DEPENDING ON THE EXACT SPECIFICATIONS OF THE PROPOSED FACILITY. COOPERATIVE MUISNE, THE GROUP OF FIBER PRODUCERS, WILL MEET THE PLANT'S REQUIREMENTS FOR RAW MATERIAL WITH THE HARVEST OF 12,000 HECTARES EARMARKED FOR THIS ENTERPRISE. THE COOPERATIVE HAS IN THE PAST DEALT COMMERCIALLY WITH TWO FOREIGN FIRMS, DEXTER OF THE U.S. AND FUROKAWA OF JAPAN. INVESTOR MUST BE ABLE TO PROVIDE TECHNICAL EXPERTISE IN PRODUCTION AND EXPORT MARKETING. DETAILS ON THE SIZE OF INVESTMENT AND PERCENTAGE OF PARTICIPATION WILL BE PROVIDED AS SOON AS THEY ARE AVAILABLE.

2. APPROXIMATELY 18 MONTHS AGO, CENDES OBTAINED A LOAN FROM THE CORPORACION ANDINA FINANCIERA (CAF) TO FINANCE A STUDY OF THE POTENTIAL EXPORT MARKET FOR ABACA PULP  
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PRODUCED IN ECUADOR. SNC-RUST OF CANADA CONDUCTED THE STUDY, WHICH WILL BE AVAILABLE TO FIRMS INTERESTED IN THE PRODUCT OUTLINED ABOVE, AND IDENTIFIED OPPORTUNITIES IN EUROPE, LATIN AMERICA, AND THE U.S. COOPERATIVE MUISNE'S PLANS TO INVEST IN A PROCESSING PLANT ARE BASED ON THIS FEASIBILITY STUDY. AT THIS POINT, CENDES' ROLE IS TO HELP THE COOPERATIVA CONTACT POTENTIAL

FOREIGN INVESTORS AND PROVIDE THE LATTER WITH THE INFORMATION AND ASSISTANCE REQUIRED TO INVEST IN ECUADOR.

3. THE GOE ACTIVELY ENCOURAGES GREATER PROCESSING OF PRIMARY PRODUCTS BEFORE EXPORTATION AND THEREFORE WILL OFFER, IN ACCORDANCE WITH ITS INDUSTRIAL DEVELOPMENT LAW, A VARIETY OF INCENTIVES TO THE FOREIGN INVESTOR IN THIS PROJECT, AMONG THEM: (A) 100 PERCENT EXONERATION OF DUTY ON IMPORTED MACHINERY NOT PRODUCED IN ECUADOR; (B) 80 PERCENT EXONERATION OF DUTY ON IMPORTED PRIMARY PRODUCTS NOT PRODUCED IN ECUADOR; (C) AN ANNUAL BONUS TO THE COMPANY OF 10 TO 18 PERCENT OF THE FOB VALUE OF ITS EXPORTS; (D) A 10-YEAR EXONERATION OF INCOME TAX ON CORPORATE EARNINGS; AND (E) DOUBLE DEDUCTIONS ON PERSONAL INCOME TAX FOR ALL PERSONS EMPLOYED BY THE COMPANY.

4. FOR MORE INFORMATION ABOUT THIS INVESTMENT OPPORTUNITY AND THE PERTINENT INCENTIVES, POTENTIAL INVESTORS SHOULD CONTACT:

DR. MARCO BRAVO  
GERENCIA TECNICA  
CENTRO DE DESARROLLO INDUSTRIAL  
DEL ECUADOR - CENDES  
AV. ORELLANA 1715  
CASILLA 2321  
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QUITO, ECUADOR  
TELEPHONE: 527100  
TELEX: 2350-ED  
CORR

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## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
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**Concepts:** INVESTMENT OPPORTUNITIES, FIBERS  
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**Review Release Event:** n/a  
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**Review Markings:**  
Margaret P. Grafeld  
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22 May 2009  
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